

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 92-023-R - ORDER NO. 92-929 ✓

OCTOBER 28, 1992

IN RE: Application of South Carolina)	ORDER ON
Electric & Gas Company for)	REHEARING,
Adjustments in the Company's Coach)	RECONSIDERATION
Fares and Charges, Routes, and)	AND CLARIFICATION
Route Schedules.)	
)	
)	

This matter comes before the Public Service Commission of South Carolina (the Commission) on Petitions for Rehearing, Reconsideration and Clarification filed by South Carolina Electric & Gas Company (SCE&G or the Company), the Consumer Advocate for the State of South Carolina (the Consumer Advocate), and the Joint Petitioners The Women's Shelter, et. al.; Rhodes, Hill, Seymour, Brown and Smith; Ruoff and South Carolina Fair Share; and Columbia Council of Neighborhoods (the Joint Petitioners).

SCE&G petitioned for Rehearing, Reconsideration and Clarification of eight (8) areas of our Order No. 92-781, entered in this Docket on September 14, 1992. First, the Company took issue with the coupon card discounts granted by this Commission, in that, according to the Company, the Commission ordered higher discounts per ride for coupon card purchases than had been proposed by the Company. An examination of the evidence reveals that there was substantial evidence to support the Commission's order to

provide coupon cards at a higher discount per ride than the Company requested. The Intervenor clearly showed that the purchasers of coupon cards could not bear the additional expense as proposed by the Company. Therefore, SCE&G's assertions with regard to coupon card discounts are rejected.

Second, SCE&G requests that the Commission reconsider the choice of methodology for normalizing the receipt of Urban Mass Transit Administration, now Federal Transit Administration funds (UMTA or FTA). SCE&G submits that the methodology chosen for accounting for the funds results in a mismatching and double-counting of UMTA receipts, and results in rates which are unjust, unreasonable, and non-compensatory.

Upon examination of this matter, the Commission believes that it properly adopted the testimony of Consumer Advocate witness Philip E. Miller and utilized his methodology for normalizing the receipt of UMTA/FTA funds. Miller's testimony took into account the differences between the total grant revenues received and the total grant revenues built into rates. Miller then added SCE&G's estimate of the grant revenues that it expects to receive. Each of these figures were taken from the test year. The "make-whole" concept proposed by Miller was accepted by the Commission to assure that neither the consumers nor the stockholders were treated unfairly, and was reasonable, just, and supported by substantial evidence. Therefore, the Company's request for reconsideration of the Commission's methodology and accounting for UMTA or FTA funds is hereby denied.

Third, the Company requested reconsideration by the Commission of its refusal to establish zone charges, and states that the Commission result is contrary to the substantial evidence in the record, results in rates which do not reflect the cost of service, or the relevant customer classes, and ultimately results in rates to the Company which are unjust, unreasonable, and non-compensatory. Upon consideration of the matter, the Commission sees no reason to depart from the reasoning in Order No. 87-1394 in Docket No. 87-332-T, which was based on Company testimony. In that case, the Company stated that zone charges were confusing to riders, created administrative burden, and resulted in inefficient operation of the coach system. The Company's testimony in that docket is still valid today. Therefore, the Company's request for reconsideration of the Commission's failure to establish zone charges is hereby denied.

With regard to the Company's request for reconsideration of the Commission's refusal to allow officer's salary increases, the Commission holds that there was substantial evidence for the Commission to deduct the Company's last annual adjustments in officer salaries. The Commission believes that no officer salaries increases should be recognized during this period of economic recession.

The Company asks for reconsideration of the 25¢ elderly and handicapped fares set in Order No. 92-781, stating that such fares are unjust and unreasonable, non-compensatory, and contrary to the substantial evidence on the record. The Commission believes that

the elderly and handicapped fare set in Order No. 92-781 was just and reasonable, in light of the substantial evidence in the record as a whole, including the testimony of many of the transit systems riders at the public hearings, where it was shown that the elderly and handicapped could not afford the increases as proposed by the Company. Therefore, the request for reconsideration of the 25¢ elderly and handicapped fare is hereby rejected.

The Company also requested reconsideration of Commission Order No. 92-781 because of the Company's assertions that it should not have to continue to operate its transit system under the conditions set forth in Order No. 92-781. The Company believes that it should not have to operate its transit system, including the DART System, under the terms of said Order, because of the alleged confiscation of its private property for public use, and the alleged violation of other Company constitutional rights. SCE&G also stated that it believed the Commission's holding in this regard was unjust and unreasonable. The Commission properly found, based upon substantial evidence, that the Company has an obligation to provide transportation to the Columbia and Charleston areas as set forth in the case of State, Ex. Rel. Daniel, Attorney General v. Broad River Power Company, et. al., 157 S.C. 1, 153 S.E. 2d 537 (1929) and S.C. CODE ANN. §58-27-120 (1976, as amended). Further, the conditions set forth in the Order required the Company to utilize government subsidies, upgrade the fleet, retain routes and adjust fares in a manner consistent with generally accepted transportation planning principles. These efforts would greatly enhance fare box revenues

for the Company. Furthermore, the Commission properly found that SCE&G, as an entity, must operate pursuant to the Company's franchise to provide coach service, which is inseparable from its electric franchise. The Order therefore does not constitute confiscation of private properties of the Company, nor violate other constitutional rights of the Company. Therefore, the conditions prescribed by Order No. 92-781 are neither unjust nor unreasonable.

The Company requests clarification concerning the scope of the DART Service which must be provided. The Company states that it presently provides DART Service pursuant to federal mandates related to its receipt of FTA and other federal funds. The Company asserts that the "existing DART Service" which the Commission refers to on page 29 of Order No. 92-781, is the service which is presently mandated by federal authorities. The Commission grants clarification of this matter. The "existing DART Service" is the service area presently mandated by federal authorities. However, the Commission notes that the Company has been providing DART Service to several individuals outside that service area. The Commission believes that the Company should continue to provide service to these individuals, in addition to the service provided to the federally mandated areas.

The Company further requests that the Commission clarify the definition of "low income persons" referred to on page 25 and 26 of Order No. 92-781. The Commission discusses this matter in Order No. 92-928, and believes that that Order adequately addresses the

request of the Company in its Petition for Reconsideration.

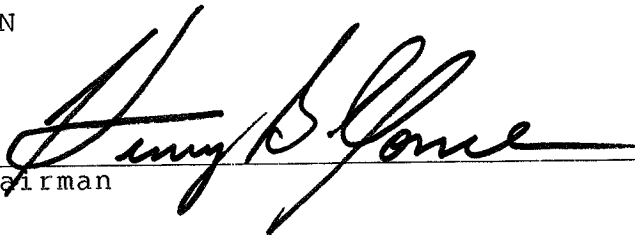
The Consumer Advocate and Joint Petitioners both request reconsideration of the approved increase in base fares from 50¢ to 75¢ and state, inter alia, that the increase is arbitrary, capricious, in excess of constitutional and statutory authority, and without support by competent evidence considering the whole record. Also, the Intervenors note that the increase is unjust, unreasonable, and discriminatory, in light of the Commission's decision to adopt a "make-whole" approach to account for past federal FTA operating subsidies received by the Company. The Commission has examined these Petitions and finds that they must be denied. The Commission holds that there is substantial evidence in the record for the Commission's approved increase in base fares from 50¢ to 75¢. The Company submitted reams of documents proving that the transit system operated by SCE&G in both Columbia and Charleston operates at a loss. The Commission holds that the Company's yearly losses fully support the increase in base fare from 50¢ to 75¢. The Petitions of the Consumer Advocate and the Joint Petitioners are therefore denied.

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This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION


Chairman

ATTEST:


Deputy Executive Director

(SEAL)